

ExxonMobil Russia and the “Reset” of Relations
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By: John Wathen, Staff member

In late August, American oil giant Exxon-Mobil announced an agreement with Russia’s state-owned oil company, Rosneft.[1] The deal grants Exxon, America’s largest corporation, access to the oil fields underneath the Arctic Ocean, which the United States Geological Survey estimates holds one-fifth of the world’s undiscovered oil and natural gas.[2] In exchange, Rosneft, who has long wished to break into the international oil market, will acquire oil fields in Texas and the Gulf of Mexico.[3] Russian Prime Minister Vladimir Putin, who exhibited his enthusiasm for the deal by personally presiding, has stated that the eventual total combined investment could be as large 500 billion dollars, a boon to the Russian oil industry.[4] This deal comes on the heels of

an announcement in March by the Obama administration that US/Russian relations must undergo “reset”, as tensions between the two nominal allies have become increasingly strained in the last few years.[5]

The Obama administration should do all it can to facilitate this deal, including easing restrictions on offshore drilling in Alaska and the Gulf of Mexico. Demonstrating a willingness to allow American private companies to partner with Russian business interests will prove America’s commitment to the “reset” of relations. Additionally, long term agreements such as this will ensure a steady supply of oil to the United States. The energy potential of the Arctic Circle, which up until now has been largely untapped, is enormous.[6] The United States cannot afford to hesitate in developing these fields to ensure an adequate share in the benefits. As the partnership is presented to American regulators for approval, long term energy security considerations coupled with a new urgency in US/Russian relations should supersede environmental concerns. A healthy political and economic relationship with Russia, which currently produces more oil than Saudi Arabia,[7] is important to American security and prosperity. This partnership, which is hopefully indicative of future Russo-American business agreements, will go a long way in developing that relationship.

[1] Andrew E. Kramer, Exxon Wins Arctic Oil Deal with Russians, N.Y. Times, Aug. 30, 2011, <http://www.nytimes.com/2011/08/31/business/global/exxon-and-rosneft-partner-in-russian-oil-deal.html?pagewanted=1> (<http://www.nytimes.com/2011/08/31/business/global/exxon-and-rosneft-partner-in-russian-oil-deal.html?pagewanted=1>)

[2] *Id.*

[3] *Id.*

[4] *Id.*

[5] Desmond Butler, Obama: US has ‘Reset’ Relations with Russia, Associated Press, June 24, 2010, http://www.msnbc.msn.com/id/37892671/ns/politics-white_house/t/obama-us-has-reset-relations-russia/#.ToptO-yTNPw (http://www.msnbc.msn.com/id/37892671/ns/politics-white_house/t/obama-us-has-reset-relations-russia/#.ToptO-yTNPw)

[6] Steve Levine, Horse Trading with Russia Wins Exxon the Arctic Goal, Foreign Policy (Aug. 30, 2011, 11:19 AM), http://oilandglory.foreignpolicy.com/posts/2011/08/30/horse_trading_with_russia_wins_exxon_the_arctic_gold (http://oilandglory.foreignpolicy.com/posts/2011/08/30/horse_trading_with_russia_wins_exxon_the_arctic_gold)

[7] *Id.*

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